

**D.B. FITZPATRICK & Co., INC. - IDAHO COMMERCIAL MORTGAGE PORTFOLIO**  
**DOMESTIC FIXED: LEHMAN MORTGAGE BENCHMARK**

FOR THE MONTH OF: **AUGUST** **2006**

**MANAGER PERFORMANCE CALCULATIONS**

*\* Annualized returns*

	Last Month	Last 3 Months	Last 1 Year	Last 3 Years*	Last 5 Years*
Idaho Commercial Mortgages	1.76%	3.70%	1.94%	3.85%	5.31%
Lehman Mortgage	1.45%	3.10%	2.92%	4.29%	4.69%

**PORTFOLIO SUMMARY**

Market Value \$ 288,571,418

**Delinquencies/REOs**

		<u>\$ Amt</u>	<u>% of Portfolio</u>
<b>Originations/Payoffs</b>	30 days	\$ -	0.00%
	60 days	\$ -	0.00%
	90 days	\$ -	0.00%
	120+ days	\$ -	0.00%
	REOs	\$ -	0.00%
Month:	\$ 1,926,000		
Year to Date:	\$ 42,831,179		
Payoffs:	\$ 516,503		

**PERFORMANCE ATTRIBUTION & STRATEGY COMMENTS**

For the month of August, the PERSI Commercial Mortgage Portfolio outperformed the Lehman Mortgage and Lehman Aggregate indices by 31 basis points and 23 basis points respectively. The outperformance was mainly due to the 20-25 basis point decline in yields on intermediate US Treasury securities during the month.

The mild inversion of the yield curve is a result of the cumulative rate increases by the Federal Reserve. The lagged effect of these increases will slow the US economy during the next year. We also expect it to slow activity and demand in the real estate market, with a greater impact locally on residential versus commercial real estate.

**MANAGER STYLE SUMMARY**

*The Idaho Commercial Mortgage portfolio is managed by DBF and consists of directly owned Idaho commercial mortgages. DBF oversees the origination process, the monitoring of the portfolio, and services 50% of the portfolio.*

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